

*Chen*

24 July 1978

SUBJECT: PRC(I) Consultation on NFIP Budget

At least some of the difficulty we are now facing in obtaining constructive PRC(I) consultation may be the consequences of trying to involve that body at this point in the budget process. If their preferences are expressed in very general terms--the importance of one intelligence mission against another--we will have difficulty translating those preferences into budgetary terms. If their preferences are expressed in detailed programmatic terms--a selection of one overhead system rather than another--we will be inviting them to assume your authority for constructing a national intelligence budget. We may also be involving them in internal Intelligence Community decisions in a way which will handicap us later when we are defending this budget. There are, however, several junctures in our budget process when we should be able to involve the PRC(I) at the right level of detail and use their responses constructively. It may be that the best course for us now is to ask the working group to consider these points of review as proper junctures for PRC(I) consultation on the NFIP budget.

- Program Guidance: We can ask the PRC(I) to review a draft of our program guidance before it is issued to program managers. This will give them the opportunity to react to the issues we propose to raise as major topics in our analysis of the upcoming years' budget submissions. Once the PRC(I) has reacted and approved the guidance, we will have a common base for reacting to their comments later in the budget process. We are now planning to have a first draft of our guidance in early December.

- Pre-Program Review: We can ask the entire PRC(I)--as we now do with OMB to comment on our agenda for program review. This will serve some of the same purposes as asking them to review our guidance. We can also elicit from them any particular concerns they feel we should bear in mind as we review program submissions. For next year we should be able to provide an agenda in early June.

- Budget Review: At the close of budget review, we will want the PRC(I) to review and approve the budget as a whole. This should occur in October.

- Approval of Major New System Acquisitions: Although we do not yet have such a process, I hope that we will be able to initiate a procedure under which the cost and need for major new systems is reviewed before they enter research and development. The perceptions of PRC(I) members as to whether the capabilities proposed for the systems are needed by intelligence users would be a valuable contribution.